

Message Text

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C O N F I D E N T I A L OTTAWA 3673

E.O. 11652: GDS

TAGS: ELAB PGEN

SUBJECT: CONVERSATION WITH UAW VICE PRESIDENT MCDERMOTT

1. SUMMARY: UAW CANADIAN VICE PRESIDENT DENNIS MCDERMOTT, PERHAPS THE MOST INFLUENTIAL UNION LEADER IN CANADA AND POTENTIAL PRESIDENT OF THE CANADIAN LABOUR CONGRESS (CLC) IN 1978, SEES THE TRUDEAU CONTROLS PROGRAM ABOVE ALL AS AN OPPORTUNITY TO PUT LABOR ON THE MAP POLITICALLY. MCDERMOTT IS CONFIDENT OF SUCCESS, AND SO FAR TRUDEAU HAS MADE IT EASY FOR THE CLC. BUT THE MAIN TEST OF THE OCTOBER 14 DAY OF PROTEST IS AHEAD, AND THE GOVERNMENT'S NEW MEDIA BLITZ ON CONTROLS MAY UNDERCUT LABOR'S TURNOUT AND ABILITY TO MOBILIZE PUBLIC SYMPATHY THEN. END SUMMARY.

2. IN A LONG TALK SEPTEMBER 9, MCDERMOTT TOLD ME THAT BEFORE CONTROLS THE CANADIAN LABOR MOVEMENT WAS A LOOSE AND INCOHERENT ASSOCIATION OF GENERALLY NOT VERY STRONG UNIONS. BUT TRUDEAU HAS GIVEN THEM EVERY OPPORTUNITY TO UNITE UNDER A STRONG LEAD. HE FAILED TO CONSULT OR GIVE ANY ADVANCE WARNING ON CONTROLS, THUS LEAVING LABOR PERFECTLY FREE HANDS TO ATTACK HIM. RATHER THAN GO FOR A STRAIGHT SHORT TERM FREEZE OF PRICES, WAGES AND PROFITS (AS IN OTHER COUNTRIDS) HE PUT TOGETHER A SYSTEM WHICH THE

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PUBLIC PERCEIVES (CORRECTLY MCDERMOTT BELIEVES) CONTROLS

ONLY WAGES, NOT PROFITS AND PRICES. RATHER THAN INDICATE IT WOULD BE A SHORT PULL, TRUDEAU HAS GONE OUT OF HIS WAY TO SUGGEST SOME FORM OF RESTRAINT MAY CONTINUE INDEFINITELY. WHAT IS BETTER STILL, TRUDEAU HAS SHOWN LITTLE WILLINGNESS OR DESIRE TO ADJUST HIS FIRE IN THE FACE OF LABOR REACTION, AND "HE'S VERY NICELY HELD THE TARGET RIGHT OUT IN FRONT OF US FOR A YEAR."

3. AS A RESULT, MCDERMOTT SAID, LABOR HAS BEEN ABLE TO BUILD ITS ACTION PROGRESSIVELY, FIRST STAGING THE LARGEST DEMONSTRATION IN CANADIAN HISTORY ON PARLIAMENT HILL (NOTE: IT WAS STILL ONLY ABOUT 10,000). THEN IT GOT ALL BUT THE FEDERAL EMPLOYEES UNION AND MOST OF THE CONSTRUCTION WORKERS BEHIND THE OCTOBER 14 NATIONAL DAY OF PROTEST. NOW MCDERMOTT CLAIMED LABOR IS GETTING A GOOD RESPONSE IN EFFORTS TO ORGANIZE NATION-WIDE OBSERVANCE OF AN OCTOBER 14 WORK STOPPAGE, INSISTING THAT WORKERS ACTUALLY GO OFF THE JOB RATHER THAN ONLY ATTEND DEMONSTRATIONS ON OFF-HOURS.

4. I ASKED WHAT MCDERMOTT EXPECTED TO ACCOMPLISH BY ALL OF THIS. NOT, HE REPLIED, TO GET TRUDEAU TO BACK OFF THE CONTROLS. THE CANADIAN GOVERNMENT WAS TOO COMMITTED FOR THAT. NOR WAS IT TO ALTER CANADA'S ECONOMIC SYSTEM. MCDERMOTT ADMITTED THAT THE PROPOSALS FOR A TRIPARTITE ECONOMIC AND SOCIAL COUNCIL AS PUT FORWARD AT MEETING WITH CABINET JULY 12 (OTTAWA'S 3526) WERE HASTILY DRAFTED, UNCRITICALLY DRAWN FROM A SWEDISH MODEL THAT HAD LITTLE APPLICATION IN NORTH AMERICA, AND INCOMPLETELY TALKED THROUGH IN THE LABOR MOVEMENT. LABOR HAD PUT THEM FORWARD, MCDERMOTT SAID, BECAUSE POLITICALLY IT COULDN'T AVOID MEETING WITH TRUDEAU ON LONG-TERM SOLUTIONS, AND HAD TO HAVE A POSITION. BUT MCDERMOTT DOES NOT EXPECT THE PROPOSALS TO BE ACCEPTABLE TO THE CANADIAN GOVERNMENT, AND INDEED WOULD BE ALARMED IF THEY WERE ACCEPTED.

5. MCDERMOTT SAID THE PURPOSE OF THE LABOR ACTIVITY WAS TO "CONSOLIDATE OUR MOVEMENT AND PUT US ON THE MAP."
"WHEN WE SHOW WHAT WE ARE AND WHAT WE CAN DO, THEY'LL HAVE TO COME TO US NO MATTER WHAT THE INSTITUTIONAL ARRANGEMENTS."

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6. EMERGING STRENGTH OF LABOR, MCDERMOTT SAID, IS CHANGING ITS RELATIONSHIP TO THE NEW DEMOCRATIC PARTY (NDP). IN THE PAST THE NDP HAS LOOKED TO LABOR FOR MONEY AND GETTING OUT THE VOTE. ONCE IN POWER (AS IT HAS BEEN RECENTLY IN SASKATCHEWAN, MANITOBA, AND BRITISH COLUMBIA), NDP MEN "DON'T ANSWER THEIR PHONE CALLS" FROM LABOR. MCDERMOTT SAID THAT HIS FIRST OBJECTIVE WILL BE TO GET A LABOR VOICE IN NDP POLICY AT PROVINCIAL AND NATIONAL LEVEL. HE

WAS, HOWEVER, NOT SANGUINE ABOUT THE NDP NATIONALLY PROFITING FROM THE LIBERALS PRESENT DISCOMFITURE, AND SAID THAT LABOR MAY DO BETTER TO EXERCISE ITS POLITICAL POWER DIRECTLY.

7. MCDERMOTT SAID WITH THE SECOND FORD OFFER DELAYED UNTIL THE 10TH THERE MAY NOT BE TIME BEFORE THE SEPTEMBER 14 DEADLINE TO AVOID A UAW STRIKE, "WHICH WE BOTH NEED LIKE HOLES IN THE HEAD." HE ADDED THAT HE HAD REASON TO BELIEVE THAT OTTAWA WOULD ACCEPT WHATEVER PACKAGE THE UAW NEGOTIATES, EVEN IF IT IS OUTSIDE THE FORMAL GUIDELINES. EVEN THOUGH OTHER CANADIAN WORKERS HAVE ACHIEVED WAGE RATES ABOVE THEIR AMERICAN COUNTERPARTS MCDERMOTT SAID THAT WAGE PARITY WILL REMAIN THE BASIS OF CANADIAN UAW'S APPROACH.

8. COMMENT: MCDERMOTT IS AMBITIOUS, TOUGH AND CANDID. HE HOPES TO TAKE OVER THE CANADIAN LABOUR CONGRESS IN 1978 WHEN MORRIS STEPS DOWN, AND MORRIS MENTIONS HIM AS HIS LIKELY SUCCESSOR. MCDERMOTT CLEARLY EXPECTS TO HAVE A MUCH STRONGER NATIONAL LABOR STRUCTURE BY THAT TIME, AND INTENDS TO PLAY A MAJOR ROLE IN CANADIAN POLICY AND POLITICS. HE IS RIGHT THAT SO FAR THIS YEAR THE GOVERNMENT HAS MADE IT EASY TO DO SO. BUT A LOT WILL DEPEND ON THE SUCCESS OF OCTOBER 14 PROTEST. IT IS STILL TOO EARLY TO PREDICT HOW COMPLETE THE WORK STOPPAGE WILL BE. IT IS ALSO TOO EARLY TO PREDICT HOW CANADIAN PUBLIC OPINION WILL REACT TO BROAD STOPPAGES. MCDERMOTT CLAIMS TO BE CONFIDENT THE PUBLIC WILL BE SYMPATHETIC, BUT HE ADMITS THE MEDIA ARE HOSTILE NOW AND OTHER LABOR LEADERS ARE CLEARLY SENSITIVE TO A NEGATIVE REACTION. THE PUBLICITY CAMPAIGN TRUDEAU IS NOW LAUNCHING IN SUPPORT OF CONTROLS CAN BE A SIGNIFICANT FACTOR IN THIS REGARD. EVEN IF IT DOESN'T CONVINCE MANY CANADIANS THAT THE GOVERNMENT IS RIGHT, IT MAY CONVINCE THEM THAT THE GOVERNMENT ISN'T AS EGREGIOUSLY WRONG AS
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LABOR CLAIMS.
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